



HOUSE BILL 391: RTP District Amendments

2011-2012 General Assembly

Committee:	Senate Finance	Date:	May 30, 2012
Introduced by:	Reps. Avila, Torbett	Prepared by:	Heather Fennell
Analysis of:	PCS to First Edition H391-CSTDx-60		Committee Counsel

SUMMARY: *The PCS to House Bill 391 would amend the authorizing statutes for county research and production districts to allow for additional permitted uses in the districts, including mixed-use development that combines residential, retail, and business use.*

CURRENT LAW: In 1985, the General Assembly authorized counties to establish research and production districts. A board of commissioners may, by resolution, establish a research and production district for any area of the county if it meets the statutory standards. A county may levy property taxes within the district in addition to those levied throughout the county with a cap of 10¢ on each \$100 value of taxable property.

The original standards for a research and production service district limited real property in the district to use for research or scientifically oriented production or for associated commercial or institutional purposes. The original standards also included acreage requirements, employment requirements, and a restriction on the number of permanent residents in the district. The standards also provided that no part of a district could be within the boundaries of any incorporated city or town.

A board of county commissioners may create a district by resolution after publication of a report outlining the district, and holding a public hearing on the formation of the district. Multi-county districts are also authorized. For multi-county districts, the boards of county commissioners may pass concurrent resolutions.

At the time the county research and production service district legislation was enacted it was assumed that the Research Triangle Park would be the only district created under the act due to the acreage and employment level standards need to qualify for the creation of a district. In 2009, the General Assembly amended these standards to allow for the creation of a district when all of the real property in the district is part of a multijurisdictional industrial park. The maximum property tax rate for a district in a multijurisdictional industrial park is 15¢ on each \$100 value of taxable property.

BILL ANALYSIS: The PCS to House Bill 391 amends the authorizing statutes for county research and production districts to allow for additional permitted uses in the districts, including mixed-use development that combines residential, retail, and business use, and authorizes the creation of new sub-districts, urban service research districts.

County Research and Production Service Districts:

New districts: The standards for a creation of a county research and production service district are amended to provide that real property in a district may be used for the following additional purposes:

- Scientifically-oriented technology and education.
- Residential purposes associated with scientifically-oriented production, technology, or education.
- Any other purpose specifically authorized in the covenants adopted to restrict the use of the real property.

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Existing districts: Districts established prior to June 1, 2012 may amend the covenants that restrict the use of real property in those districts to include the additional purposes listed above.

Conforming changes: The statutes governing county research and production service districts are amended to reflect the expansion in the permitted uses of real property in the districts.

Urban Research Service Districts

The board of commissioners of a county (Board) may establish urban research districts (URSD) within existing county research and production districts.

Standards for USRD: The URSD must be located wholly within the county and may not be contained in any other URSD. The method of formation and governance of URSDs are substantially similar to provisions for county research and production service districts.

URSD Advisory Committee: The Board must provide an advisory committee for the URSD. The advisory committee will consist of owners and tenants of the URSD, an appointee of the developer of the district in which the URSD is located, and appointees of the Board. The committee will advise the Board on the services, facilities, and functions of the URSD.

Hearing and notice: Prior to establishing, extending, removing territory from, or abolishing a URSD, the Board must hold a public hearing regarding the action.

Standards for extension of USRD: To extend an URSD, the Board must find that the covenants restricting the use of real property will apply, 100% of the owners of real property in the area to be added petition to be added, the area to be added is contiguous, and the area requires the additional services, facilities, or functions served by the URSD.

Standards for removing area from USRD: To remove area from an URSD, the Board must find the removal is recommended by a vote of 2/3rds of the owners and tenants association and 100% of the owners of property in the area to be removed request removal, the area to be removed no longer requires the additional services, facilities, or functions served by the URSD, and the county has not financed any project for which taxes are levied on the area.

Services in the URSD: The Board must provide services for which the URSD is being taxed in a reasonable time. The Board may also designate the developer of the county research and production service district in which the URSD is located to contract with any local government for services within the URSD.

Taxes: The Board may levy taxes in the URSD that are in addition to the county taxes, and the taxes in the research and development district in order to finance and maintain services within the URSD.

The rate of the tax may not exceed the rate levied in the city with the largest population that is 1) contiguous to the county research and production service district in which the URSD is located, and 2) located primarily within the same county as the URSD.¹

The taxes levied may be used for services in the URSD, and debt service for debt incurred by the county for capital projects in the URSD.

EFFECTIVE DATE: This act is effective when it becomes law.

H391-SMTD-113(CSTDx-60) v5

¹ There are three cities contiguous to RTP that could potentially meet this definition. Cary (tax rate of 33¢ per \$100 value of taxable property), Durham (tax rate 55¢ per \$100 value of taxable property), and Morrisville (tax rate 36¢ per \$100 value of taxable property).